

January 26, 2001

Ms. Gloria Blue
Executive Secretary, Trade Policy Staff Committee
ATTN: Section 1377 Comments
Office of the US Trade Representative
600 17th Street, NW
Washington, D.C. 20508

RE: TIA Submission for Annual Section 1377 Review

Dear Ms. Blue:

On behalf of the Telecommunications Industry Association (TIA), I appreciate the opportunity to express to you our views on the effectiveness of certain telecommunications-related trade agreements. As you are well aware, obtaining greater access in foreign telecommunications equipment markets is one of TIA's priorities.

TIA is a full-service national trade association representing over 1000 manufacturers and suppliers of telecommunications and IT equipment. TIA is also accredited by the American National Standards Institute (ANSI) to develop American National Standards for the industry and supports open, transparent, consensus standards processes such as those used in the United States. The members of our association manufacture or supply virtually every product used in today's communications networks. In addition, conformity assessment bodies are a valuable component of our membership. All of our members are competing in a dynamic global marketplace, and enhancing market access opportunities abroad to match the openness of the U.S. market is a fundamental goal of TIA.

One of the most challenging barriers facing our members in doing business in other countries is the difficulty in getting products approved or certified for sale and use in the marketplace. These testing requirements - which are often duplicative and, in many cases, unnecessary - increase the cost to users and delay the availability of products in a large number of markets. TIA has long supported the development of mutual recognition agreements (MRAs) for conformity assessment, whose purpose is to decrease costs and time delays in exporting, while ensuring safety and reliability to consumers. Additionally, we support privatization of conformity assessment systems and Supplier's Declaration of Conformity (SDoC) as proof of compliance to technical regulatory requirements where appropriate. Fair, effective, transparent, and timely conformity assessment processes greatly facilitate trade in telecommunications equipment.

With regard to specific trade agreements, TIA offers the following comments on Mexico, the

WTO Telecom Agreement, and the MRA with the European Union. We have also added a note about China, despite the fact that there is currently no enforceable telecommunications agreement in place.

Mexico--Despite NAFTA's initial promise in 1994 to create a single, unified North American market for products that would include the harmonization of regulations concerning testing and certification, equipment certification still has not been simplified in Mexico. While implementation of U.S. and Canadian NAFTA obligations has moved ahead, Mexico has put in place a system that effectively delays its implementation of NAFTA obligations.

Mexico continues to ignore its national treatment obligations under NAFTA to the detriment of the US telecommunications industry. Even with U.S. concessions to the express obligations of "national treatment" under the agreement - *i.e.*, U.S. conformity assessment bodies located in Mexico have entered into private agreements with Mexican conformity assessment bodies for the acceptance of test data with approval from the Mexican government - Mexican certification authorities have still refused to accept U.S.

test data. The effect of this refusal is to seed the Mexican conformity assessment structure and to bar any US telecommunications products entering the Mexican market which have been tested and certified by US conformity assessment bodies.

TIA has taken an active role in the effort to streamline and address problems in conformity assessment systems in Canada, Mexico and the United States. TIA has participated in cooperation on the harmonization of technical regulations, and has discussed standards for telecommunications through its work in the Consultative Committee on Telecommunications (CCT), which is the private sector advisory body on telecommunications issues in NAFTA. Nevertheless, U.S. private sector participants have found the committee's work to be extremely slow and often unproductive as a means of promoting public sector changes in Mexico.

TIA strongly urges the U.S. government to continue its instrumental work in bringing the NAFTA partners together to resolve this vital issue and review the work plan established by the NAFTA partners in 1994 to implement the agreement.

WTO Telecom Agreement --As a result of this landmark agreement, TIA expects that U.S. equipment manufacturers and producers of high technology products will continue to enjoy increased market opportunities around the world. Privatization of national telephone monopolies should encourage the use of fair, competitive procurement processes that reward the most efficient, innovative manufacturers. As liberalization continues to occur as a result of the agreement, U.S. companies stand to compete very successfully. TIA hopes that USTR will continue to monitor and enforce compliance to this agreement and encourage economies acceding to the WTO to sign the agreement.

We would also like to take this opportunity to re-emphasize TIA's position that telecom regulators should remain strictly neutral regarding technologies to be used for wireless networks. The decision regarding which technology is to be used in a wireless network should be made exclusively by the operator based completely on commercial considerations.

U.S.-EU MRA -- The U.S.-European Union Mutual Recognition Agreement (U.S.-EU MRA) was finalized in December 1998 and reached its operational phase on December 3, 2000. Key government officials from both sides have worked very hard to bring the MRA from concept to reality. TIA hopes that USTR will monitor EU compliance to the terms of the agreement during 2001 as both parties move forward in the operational phase.

China

As a final note, TIA would like to emphasize the importance our members place on China's accession to the WTO. While we recognize that there is no enforceable telecommunications agreement with China, TIA offers comments on this topic because we have placed a high priority on this market and are confident that there *will* be an enforceable agreement in place in the near future.

As USTR moves forward with the negotiations and implementation process, TIA encourages USTR to give priority consideration to the following topics: complete implementation of the Information Technology Agreement; trading and distribution rights for telecommunications equipment manufacturers and suppliers; the elimination of existing quotas; technology neutrality; openness and transparency in the development and implementation of technical regulations and conformity assessment systems; and, complete adoption of the Agreement on Basic Telecommunications and the principles embodied in the Reference Paper.

Conclusion

In summary, market barriers still exist in certain countries. Since the U.S. market is open, the United States must redouble its efforts to eliminate foreign trade barriers to remain competitive.

Efforts, both bilaterally and multilaterally, to bring about a fully competitive world market for telecommunications equipment are important to pursue. The U.S. telecommunications supplier industry is

second to none in technology and efficiency, and given a level playing field internationally, would achieve even more dramatic rates of growth.

If you have any questions related to this submission or if there are other ways we can assist you, please do not hesitate to contact Jason Leuck, TIA's Director of International Affairs at (202) 383-1493. Thank you for your attention to this matter.

Sincerely,

Grant Seiffert
Vice President
External Affairs and Global Policy